



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

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2014-11-07

Mr. Geoffrey Young
P. O. Box 12400
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Sir:

Re: Newfoundland and Labrador Hydro - Application for Approval of the Capacity Assistance Agreement between Newfoundland and Labrador Hydro and Corner Brook Pulp and Paper Limited - Requests for Information

Enclosed are Information Requests PUB-NLH-1 to PUB-NLH-12 regarding the above noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or telephone (709) 726-6781.

Yours truly,

Cheryl Blundon
Board Secretary

/cpj
Encl.

e.c.c. **Newfoundland Power**
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Mr. Ian Kelly, QC, E-mail: ikelly@curtisdawe.com
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1 **IN THE MATTER OF**

2 the *Electrical Power Control Act, 1994*,
3 SNL 1994, Chapter E-5.1 (the “*EPCA*”)
4 and the *Public Utilities Act*, RSNL 1990,
5 Chapter P-47 (the “*Act*”), as amended; and

6 **IN THE MATTER OF** an Application by

7 Newfoundland and Labrador Hydro for
8 approval, pursuant to sections 70(1), 71
9 and 80 of the Act, of the Capacity Assistance
10 Agreement between Newfoundland and Labrador
11 Hydro and Corner Brook Pulp and Paper Limited.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NLH-1 to PUB-NLH-12

Issued: November 7, 2014

1 **PUB-NLH-1** On page 7 of "Evidence Capacity Assistance Procurement Process and
2 Considerations", filed with the Application, Newfoundland and Labrador
3 Hydro ("Hydro") states that its forecasts indicate that it does not anticipate
4 calling on capacity assistance during the winter of 2014/2015, but that
5 "....*Hydro understands that there is a desire to have such arrangements in*
6 *place to ensure adequate capacity is available in the event of higher than*
7 *forecast peak demand requirements due to extreme weather and/or*
8 *unforeseen system issues.*" If Hydro does not anticipate calling on capacity
9 assistance during the winter of 2014/2015, does Hydro believe that this
10 proposal, which requires a fixed annual payment of \$1,680,000, provides
11 for economically available interruptible load and should be approved?
12

13 **PUB-NLH-2** In its report, *Newfoundland and Labrador Hydro Response to the Liberty*
14 *Consulting Group Interim Report of April 24, 2014*, filed with the Board,
15 Hydro stated, at page 7 of 18, that the acquisition of a 100 MW
16 combustion turbine for installation at the Holyrood Thermal Generating
17 Station, with a target in-service date of December, 2014, as well as
18 discussions with Industrial Customers to formalize interruptible power
19 arrangements for the winter of 2014-2015 would provide an adequate
20 reserve of generation supply through to when new generation will be
21 available from Muskrat Falls. What has changed since April 2014 that
22 would cause Hydro to enter into an agreement with Corner Brook Pulp
23 and Paper Limited for additional capacity for each winter from 2014/2015
24 to 2017/2018?
25

26 **PUB-NLH-3** Has Hydro discussed with Corner Brook Pulp and Paper Limited the
27 possibility of entering into a contract for one year (2014/2015) for the
28 provision of capacity assistance in blocks of 20, 40 or 60 MW? Provide
29 the results of such discussions, describe the obstacles to entering into such
30 an agreement, and provide the economic analysis that resulted from this
31 proposal, if it occurred.
32

33 **PUB-NLH-4** Has Hydro discussed with Corner Brook Pulp and Paper Limited the
34 possibility of entering into a contract for 3 years beginning in 2015/2016
35 and continuing until 2017/2018 for the provision of capacity assistance in
36 blocks of 20, 40 or 60 MW? Provide the results of such discussions,
37 describe the obstacles to entering into such an agreement, and provide the
38 economic analysis that resulted from this proposal, if it occurred.
39

40 **PUB-NLH-5** Provide the specifics of the conditions under which Hydro intends to
41 access up to 60 MW of capacity assistance in 20 MW increments from
42 Corner Brook Pulp and Paper Limited.
43

44 **PUB-NLH-6** Provide the analysis that Hydro has undertaken in making its
45 determination as to why the capacity payment of \$28 per kW per winter
46 and the variable credit of 20 cents per kW per hour for the maximum

1 capacity assistance requested and provided is considered reasonable and
2 economic by Hydro.

3

4 **PUB-NLH-7** Provide a calculation of the maximum amount that could be paid by Hydro
5 to Corner Brook Pulp and Paper Limited for capacity assistance for each
6 winter period from December 1, 2014 to March 31, 2018.

7

8 **PUB-NLH-8** In paying Corner Brook Pulp and Paper Limited a variable rate of 20 cents
9 per kW per hour for the maximum capacity assistance requested and
10 provided, does this rate apply to a minimum of a full hour, or can the rate
11 be applied to any portion of an hour?

12

13 **PUB-NLH-9** In the covering letter dated October 28, 2014, Hydro has stated that
14 "*Hydro is also in discussions with Vale to potentially secure additional*
15 *capacity assistance.*" Provide an update on these discussions and an
16 estimate of when Hydro will be able to provide further information
17 regarding Vale's ability provide additional capacity assistance.

18

19 **PUB-NLH-10** Has Hydro made a determination as to the appropriate level of capacity
20 assistance that is required in 2014/2015? If so, what is that level?

21

22 **PUB-NLH-11** If Hydro has determined the appropriate level of capacity assistance
23 required, how does the proposed agreement with Corner Brook Pulp and
24 Paper Limited affect the level of capacity assistance that might be required
25 from Vale Newfoundland and Labrador Limited?

26

27 **PUB-NLH-12** If an agreement is reached with Vale Newfoundland and Labrador Limited
28 for capacity assistance, how will the level acquired impact the amount that
29 might be required in 2014/2015 and in future years from Corner Brook
30 Pulp and Paper Limited ("CBPP"), and how has this been factored into the
31 economic analysis undertaken by Hydro with regard to the proposed
32 agreement with CBPP?

DATED at St. John's, Newfoundland this 7th day of November 2014.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per C. Blundon
Cheryl Blundon
Board Secretary